42 C.F.R. § 405.2468

Allowable costs.

(a) *Applicability of general Medicare principles.* In determining whether and to what extent a specific type or item of cost is allowable, such as interest, depreciation, bad debts and owner compensation, the MAC applies the principles for reimbursement of provider costs, as set forth in part 413 of this subchapter.

(b) *Typical RHC and FQHC costs.* The following types and items of cost are included in allowable costs to the extent that they are covered and reasonable:

(1) Compensation for the services of a physician, physician assistant, nurse practitioner, certified nurse-midwife, visiting registered professional or licensed practical nurse, clinical psychologist, clinical social worker, marriage and family therapist, and mental health counselor who owns, is employed by, or furnishes services under contract to a FQHC or RHC.

(2) Compensation for the duties that a supervising physician is required to perform under the agreement specified in § 491.8 of this chapter.

(3) Costs of services and supplies incident to the services of a physician, physician assistant, nurse practitioner, nurse-midwife, qualified clinical psychologist, clinical social worker, marriage and family therapist, or mental health counselor.

(4) Overhead costs, including RHC or FQHC administration, costs applicable to use and maintenance of the entity, and depreciation costs.

(5) Costs of services purchased by the RHC or FQHC.

(c) *Tests of reasonableness of cost and utilization.* Tests of reasonableness authorized by sections 1833(a) and 1861(v)(1)(A) of the Act may be established by CMS or the MAC with respect to direct or indirect overall costs, costs of specific items and services, or costs of groups of items and services. For RHCs and FQHCs that are authorized to bill under the reasonable cost system, these tests include, but are not limited to, screening guidelines and payment limits.